

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7054

BILL NUMBER: HB 1532

NOTE PREPARED: Jan 6, 2013

BILL AMENDED:

SUBJECT: Marion County fire consolidation.

FIRST AUTHOR: Rep. Kirchhofer

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

Consolidation of Township Fire Departments: This bill provides that on a date set by the mayor of the consolidated city and not later than January 1, 2015, the fire departments of all of the following are consolidated into the fire department of the consolidated city:

- (1) The townships in the county having the consolidated city.
- (2) A fire protection territory in the county having the consolidated city.

Consolidation of Excluded City Fire Departments: The bill authorizes the consolidation of an excluded city's fire department into the fire department of the consolidated city if:

- (1) the legislative body of the excluded city, after approval by the executive of the excluded city, adopts an ordinance approving the consolidation; and
- (2) the legislative body of the consolidated city adopts an ordinance, approved by the mayor of the consolidated city, approving the consolidation.

Department of Public Safety: It specifies that the consolidated fire department is a division of the department of public safety.

Property Tax: The bill provides that the maximum property tax levy of a consolidated city for property taxes first due and payable in 2014 shall be increased by an amount equal to the combined maximum property tax levies for property taxes first due and payable in 2013 for fire protection and related services of each entity that has a fire department consolidated into the fire department of the consolidated city. It provides for a

corresponding decrease in the maximum property tax levies of these consolidating entities.

Phase Out Borrowing: The bill provides that for three years after a consolidation of a fire department, the consolidated city may levy a tax above the maximum property tax levy for the fire special service district in each township or excluded city that is necessary to phase out borrowing for fire and emergency services.

Effective Date: Upon passage.

Explanation of State Expenditures: *Department of Local Government Finance (DLGF):* The DLGF would adjust the maximum permissible property tax levies and property tax rates of units to reflect transfers of duties and responsibilities.

The DLGF would determine the amount of any balance in the township fire fund to be transferred to the consolidated city fire general fund. The DLGF would also determine the amount of any balance in the township fire debt fund to be transferred to the county general fund after the debt is paid.

The bill's requirements are within the DLGF's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

Explanation of State Revenues:

Explanation of Local Expenditures: The bill will have indeterminate, but potential cost savings for the county and township government in Marion County, and for the excluded cities that consolidate with the Indianapolis Fire Department. Any potential cost savings will result from the decision of the mayor, the city-county council, the legislative body of an excluded city, and in the efficiencies gained in the operation of the consolidated fire department.

Background: There are three unconsolidated township fire departments, Decatur Township, Pike Township, and Wayne Township. The five other township fire departments have merged with the Indianapolis Fire Department under current law provisions for voluntary consolidation. According to an audit of the mergers, for the five-year period 2006 to 2010, fire protection costs increased 9.8% in the consolidated townships, while costs in the other townships increased 18.9%. The combined staffing level for the consolidated townships is 2.7% less than prior to consolidation, and 17 (or 27%) of the management positions have been eliminated. The table below shows the CY 2011 fire-related fund expenditures by township.

2011 Fire-Related Fund Expenditures						
Township	Date of Consol.	Fire Protection Fund	Cumulative Fire Fund	Fire Bldg Debt Fund	Fire Debt Fund	Total All Fire Funds
Center	--	\$0	\$0	\$0	\$0	\$0
Decatur	--	9,393,147	216,038		988,752	10,597,937
Franklin	7/10/2010	368,767	942,176	624,692	0	1,935,635
Lawrence	1/1/2011	397,473	1,669,263	0	0	2,066,736
Perry	8/1/2009	17,828	1,946	0	3,367	23,141
Pike	--	20,796,814	1,218,591	0	0	22,015,405
Warren	7/1/2007	0	0	0	0	0
Washington	1/1/2007	0	0	0	0	0
Wayne	--	25,567,059	1,150,541	0	0	26,717,599
Total		\$56,541,087	\$5,198,554	\$624,692	\$992,120	\$63,356,453

Source: 2011 Annual Reports from Indiana Gateway for Government Units.

Excluded cities are not required under the bill to merge with the Indianapolis Fire Department. If the legislative body of the excluded city, with the approval of the city executive, adopt an ordinance that is approved by the legislative body and mayor of Indianapolis, the Indianapolis Fire Department will provide services in the boundaries of the excluded city. The following table shows the 2011 expenditures for the three excluded cities in Marion County. (Perry Township provided fire protection services for Southport, another excluded city.)

2011 Fire-Related Fund Expenditures					
Excluded City or Town	Capital Outlays	Personal Services	Services and Charges	Supplies	Total
Beach Grove	\$4,214	\$2,235,150	\$192,614	\$48,562	\$2,480,540
Lawrence	31,319	7,756,781	222,421	117,898	8,128,420
Speedway		3,051,620	90,806	61,510	3,203,936
Total	\$35,533	\$13,043,551	\$505,842	\$227,970	\$13,812,896

Source: 2011 Annual Reports from Indiana Gateway for Government Units.

Explanation of Local Revenues: *Township Fire Department Funds:* The balance in a township fire debt service fund is transferred to the city to pay the indebtedness or lease rentals for which the fund was established. Any balance remaining after all payments are made is to be transferred to the county general fund. The townships' general fire fighting and fire cumulative fund balances also transfer to the city for deposit in

like funds.

December 2011 Fire-Related Fund Balance						
Township	Cumulative Fire Fund	Fire Bldg Debt Fund	Fire Debt Fund	Fire Protection Fund	Pension	Total
Decatur	\$270,222	\$ --	\$ --	\$124,434	\$ --	\$394,656
Franklin	--	69,267	45	--	--	69,313
Pike	385,990	--	268,557	1,099,587	524,051	2,278,185
Wayne	451,488	--	--	10,172,175	--	10,623,663
Total	\$1,107,701	\$69,267	\$268,602	\$11,396,195	\$524,051	\$13,365,816

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: City of Indianapolis, Decatur, Pike, and Wayne Townships in Marion County; Town of Speedway, Cities of Beech Grove and Lawrence.

Information Sources: Policy Analytics, *Indianapolis/Marion County Fire Service Consolidation Performance Audit*, October 20, 2010. 2011 Annual Report Data via the Gateway for Indiana Government accessed at <https://gateway.ifionline.org/default.aspx>.

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